



Open Enrollment Edition

Open Enrollment Web Page: Visit the PEEHIP Open Enrollment web page at www.rsa-al.gov/PEEHIP/open-enroll.html to find the information you need to make informed decisions about your health plan selections. You will find FAQs, tutorials, deadlines, Open Enrollment packets, information about adult child coverage, and other information relating to open enrollment.

Open Enrollment Packets: The 2011-2012 packets will be made available online on the PEEHIP Open Enrollment web page by July 1, 2011. Just as last year, PEEHIP will not be mailing an Open Enrollment packet to its members. Instead, active and retired members can view and/or download a copy of the Open Enrollment packet from the PEEHIP Open Enrollment web page at www.rsa-al.gov/PEEHIP/open-enroll.html. Members can make their insurance enrollments and/or changes online through Member Online Services at www.rsa-al.gov.

For members who do not have Internet access and cannot download the information, RSA Member Services can

mail you an Open Enrollment packet by calling 877.517.0020.

Online Open Enrollment: Make your open enrollment changes online this year – it is the easiest, most efficient, and **preferred way** to enroll in new coverages or make changes to your existing coverages! Sixty percent of all open enrollments last year were made online.

The Open Enrollment link to enroll online will be available beginning July 1, 2011, and will remain available through the entire online Open Enrollment period ending September 10, 2011.

To make your Open Enrollment elections online:

1. Go to www.rsa-al.gov and click Member Online Services.
2. Enter your self-selected User ID and Password at the Log in page.
3. If you do not have a User ID and Password, click Register Now and follow the on screen prompts to create your own User ID and Password. You will need your PID number which is the last eight digits of your contract number on your

PEEHIP insurance card (exclude the leading zero).

4. Once you successfully log in, click the link “Enroll or Change PEEHIP Coverages” from the PEEHIP menu found at the left of your screen.
5. Click the Open Enrollment option and then click Continue and follow the on screen prompts until you receive your Confirmation page.

Helpful Information about Open Enrollment:

- ◆ If you do not wish to make changes to your PEEHIP Hospital Medical or Optional Plan coverages, please do **NOT** submit an Open Enrollment form to PEEHIP.
- ◆ **EXCEPTION:** If you want to renew your Flexible Spending Accounts or Federal Poverty Level Premium Discount, you must **re-enroll each year** as these two programs do not automatically renew.
- ◆ Members enrolling in new insurance plans should receive a new ID card no later than the last week in September. ■

Important Open Enrollment Dates

Open Enrollment begins July 1, 2011, and will end by the following deadlines:

- ◆ **Online:** The deadline for submitting **online** Open Enrollment changes is midnight of **September 10, 2011**. After September 10, 2011, online Open Enrollment changes will not be accepted and the Open Enrollment link will be closed. **Online enrollment is the easiest, most efficient and preferred method of enrolling or making changes.**
- ◆ **Paper:** The deadline for submitting **paper** Open Enrollment forms is **August 31, 2011**. Any paper forms postmarked after August 31, 2011, will not be accepted.
- ◆ **Flexible Spending Account:** The deadline for enrollment or re-enrollment in a **Flexible Spending Account** online or on paper is **September 30, 2011**.

Effective Date of Coverage:

All Open Enrollment elections approved by PEEHIP will have an effective date of
October 1, 2011

Changes in the PEEHIP Law

The Alabama Legislature enacted legislation (Act 2011-704) that establishes changes to the Public Education Employees' Health Insurance Plan (PEEHIP). The new legislation will slowly but significantly raise health care premiums for public education and state retirees who **retire on or after January 1, 2012**. Below is a summary of the changes in the PEEHIP Law:

There will be a new way to calculate the sliding scale premium which will now take into effect a retiree's:

1. Years of service at the time of retirement (**Service Premium Component**) and
2. Age at the time of retirement (**Age Premium Component**)
3. Also there is a third component to the premium referred to as the "subsidy premium" (**Subsidy Premium Component**)

We want to make clear the impact the new law will have on retirees who retire after December 31, 2011, especially those who have minimal years of service (for example, someone with 10 years of service at age 60), so that those who have the ability to retire prior to January 1, 2012, clearly understand the benefits of retiring prior to that date. Each of the above three components are explained in more detail below:

1. **Service Premium:** Members who retire on or after January 1, 2012, (regardless of age) and have less than 25 years of service will have a 4% penalty for each year under 25 years instead of a 2% penalty. For example: If you retire with 10 years of service, you are 15 years away from having 25 years of service and will have a 60% service penalty on your premiums (15 years x 4%). Members who have at least 25 or more years of service will see no change in the "service premium" component. They will continue to receive a 2% bonus for every year of service over 25 years.
2. **Age Premium:** This premium applies only to non-Medicare eligible members who retire on or after January 1, 2012. These retirees will have a 1% penalty for each year that they are not Medicare eligible. For example: If you retire at age 60, you are 5 years away from Medicare eligibility and will have a 5% penalty on your premiums until you become Medicare eligible. This age premium will cease upon notification to PEEHIP of the attainment of Medicare coverage.

3. **Subsidy Premium:** This premium applies only to non-Medicare eligible members who retire on or after January 1, 2012. These retirees will have an additional premium amount called the "subsidy premium". The subsidy premium is the net difference in the active employee subsidy and the non-Medicare retiree subsidy (the subsidy amount is the amount of the premium paid by PEEHIP) after taking into account the total member contributions from 1 & 2 above. This additional subsidy premium will cease upon notification to PEEHIP of the attainment of Medicare coverage.

Act 2011-704 allows five years to implement the increases in premiums resulting from 1 – 3 above. The intent of the legislation is to eliminate the excess funding of the non-Medicare eligible retirees over the active employees and fully implement the difference by October 1, 2016. **The chart on page 3 illustrates the estimated monthly premium increase that will be spread over the next five years.** (Exception: Medicare-eligible members who retire after December 31, 2011, with less than 25 years will immediately be subject to the entire 4% Service Premium Component and will not have a 5 year phase-in of this increase.)

NOTE the following exceptions:

- ◆ All retirees who retired after September 30, 2005, but before January 1, 2012, are **not** subject to the new sliding scale provisions or the subsidy premium. They are only subject to the sliding scale provisions in effect prior to Act 2011-704. Also, all retirees who retired on or before September 30, 2005, are not subject to any sliding scale provisions or the subsidy premium.
- ◆ Current DROP participants are exempt from these new provisions if the employee does not voluntarily terminate participation in DROP within the first three years and goes forward with withdrawing from service at the end of the DROP participation period. Otherwise, the provisions of this new legislation will apply to current DROP participants. Current DROP participants who have completed their DROP participation period prior to December 1, 2011, and continue to work, must retire prior to January 1, 2012, in order to be exempt from the new provisions in Act 2011-704.

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Dependent Eligibility Verification Audit Update

The deadline for submitting the required documentation to verify dependents enrolled in PEEHIP health plans was June 6. However, PEEHIP offered an extended grace period until **June 30** to ensure that dependent benefits coverage was not affected for members who had not responded.

Because the processing of documents has taken longer than anticipated, some members may not have received a Determination Notice from Secova yet. If you have sent in your documents and have not received a Determination Notice, you may want to visit Secova's Dependent Eligibility Verification Website for PEEHIP members at <https://deva.secova.com/PEEHIP> to confirm receipt and status of the documents or contact Secova at 877.616.6345 (toll-free). Representatives are available 24 hours a day, 7 days a week.

Secova is continuing to process late submissions. If you have not responded, you must either fax the required documentation to Secova immediately at 866.763.3472 (toll-free), or scan and upload to <https://deva.secova.com/PEEHIP>, to ensure your account is not placed on claim hold and/or your dependent(s) does not lose coverage.

We appreciate your cooperation and patience during this process which will help maintain the integrity of our health benefits program. This allows us to control costs and keep premiums and copayments at a reasonable level for members and their families.

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Comparison of Current to Proposed Premium Calculations

Scenarios		Single Coverage Fiscal Year 2012 Rates		Family Coverage Fiscal Year 2012 Rates	
Years of Service	Age	Current Monthly Premium	Estimated Monthly Increase in Premium for 1/1/2012*	Current Monthly Premium	Estimated Monthly Increase in Premium for 1/1/2012*
10	60	\$ 303.10	\$ 55.02	\$ 543.10	\$ 55.02
15	60	\$ 252.40	\$ 44.88	\$ 492.40	\$ 44.88
20	60	\$ 201.70	\$ 34.74	\$ 441.70	\$ 34.74
25	50	\$ 151.00	\$ 34.74	\$ 391.00	\$ 34.74
25	55	\$ 151.00	\$ 29.67	\$ 391.00	\$ 29.67
25	60	\$ 151.00	\$ 24.60	\$ 391.00	\$ 24.60
30	50	\$ 100.30	\$ 34.74	\$ 340.30	\$ 34.74
30	55	\$ 100.30	\$ 29.67	\$ 340.30	\$ 29.67
30	60	\$ 100.30	\$ 24.60	\$ 340.30	\$ 24.60

These rates do not include the monthly tobacco premium.

* The monthly premium is estimated to increase by this amount each year until 2016.

Other provisions of the legislation are explained below:

- ◆ Employees who retire on disability and apply for and are approved for Social Security Disability are only exempt from the years of service premium component of the sliding scale provisions for a period of two years and thereafter. Upon attainment of Medicare Parts A & B, these retirees will also be exempt from the age and subsidy premium components.
- ◆ The PEEHIP Board is given authority to disqualify from coverage those employees or retirees who knowingly and willfully submit false or misleading information or engage in fraudulent activity with respect to their PEEHIP coverage.
- ◆ The Federal Poverty Level (FPL) income ranges are expanded up to 300% of FPL for reductions on the hospital medical insurance premiums for qualifying employees effective with the new fiscal year beginning October 1, 2011, (see FPL chart below).

Federal Poverty Level Assistance Program (FPL)

Discount Allowed:

Over 300% of FPL

Member contribution reduced by 10%:

Member contribution reduced by 20%:

Member contribution reduced by 30%:

Member contribution reduced by 40%:

Member contribution reduced by 50%:

Based on Income Ranges:

Member pays 100% of the member contribution

If income is equal to or less than 300% but more than 250% of FPL

If income is equal to or less than 250% but more than 200% of FPL

If income is equal to or less than 200% but more than 150% of FPL

If income is equal to or less than 150% but more than 100% of FPL

If income is equal to or less than 100% of FPL

NOTE: The income levels can be obtained from the PEEHIP Open Enrollment Packet or the PEEHIP Web site. ■

Update on Changes in the PEEHIP Pharmacy Network

PEEHIP and MedImpact have diligently worked together over the last six months to restructure the reimbursement rates for all independent pharmacies. As a result, we are pleased to announce an **increase in the reimbursement rates effective August 1, 2011**, for ALL independent pharmacies and associations who are participating in the PEEHIP pharmacy network. We are pleased to also announce that APNS has accepted this offer.

If your independent pharmacy is currently not a PEEHIP participating pharmacy, they may soon be participating as of August 1, 2011. A list of the APNS affiliated pharmacies that currently are not participating in the PEEHIP pharmacy network but may participate beginning August 1, 2011, is available on the PEEHIP Pharmacy Benefits web page at www.rsa-al.gov/PEEHIP/pharm-benefits.html. ■

Are you Combining Allocations?

Enrolling in Separate Accounts

May Be More Cost Efficient for You and Your Spouse

The Combining of Allocations Program terminated October 1, 2010, but all current participating members were grandfathered in and will experience premium rate increases that will be phased in over a 3-year period. Refer to your June 2011 *PEEHIP Advisor* or the Web site for the rates.

In many cases, a husband and wife with no other dependents may find that it is more cost efficient to uncombine and change to two single policies during the Open Enrollment period. The majority of these couples have uncombined during last Open Enrollment, but there are approximately 1800 couples who have not.

The easiest, most efficient, and preferred way to uncombine allocations and enroll in single hospital medical plans is online through **Member Online Services (MOS)**. The subscriber of the hospital medical policy (for example, the receiver of the allocation) must first change from family hospital medical coverage to single hospital medical coverage by using the subscriber's PID number and log in credentials. Once you receive a confirmation page generated by MOS confirming this election, the sender of the allocation should then log in to MOS using his or her own PID number and log in credentials and enroll in single hospital medical coverage and receive a confirmation page confirming this election. Your confirmation page will also provide your premium calculation. ■

New Retiree Premium Calculator Soon to be Available on the PEEHIP Web Site

PEEHIP will have a retiree premium calculator on our Web site in August, which can help you estimate your future health insurance premiums after retirement and assist you in your financial planning for retirement. The retiree premium calculator will be available at www.rsa-al.gov. The provisions of Act 2011-704 will be built into the calculator and can assist employees who are considering retirement in the near future with an estimate of their monthly premium if they were to retire before or after December 31, 2011. We encourage members to use the calculator rather than calling the PEEHIP office for an estimate of their premium. If you plan to retire prior to the effective date of the new law, the latest date you may submit your retirement application to the RSA is Tuesday, November 1, 2011, for a December 1, 2011, retirement date. ■

Enroll in the ALL Kids CHIP Program

An article published in the April 2011 *PEEHIP Advisor* informed our members about an opportunity to enroll their eligible children in the ALL Kids CHIP program administered by the Alabama Department of Public Health. Since April 1, 2011, 1,288 children who were covered under PEEHIP are now enrolled and covered in the ALL Kids program. The deadline to enroll in ALL Kids without a break in coverage is September 30, 2011. Do not let this special enrollment opportunity pass you by. For details about enrolling, please see the April 2011 *PEEHIP Advisor*, visit the ALL Kids Web site at www.adph.org/allkids, or call ALL Kids toll free at 888.373.KIDS (5437). ■

Blue Cross and You: Baby Yourself®

Blue Cross and Blue Shield of Alabama and PEEHIP offer Baby Yourself, a prenatal wellness program for expectant mothers. This program is part of your health plan and is available at no cost.

Sign up for Baby Yourself today and receive:

- ◆ Support from an experienced Blue Cross registered nurse.
- ◆ Educational information by telephone and e-mail during your pregnancy.
- ◆ Useful gifts that encourage healthy habits, proper prenatal care and help you understand the changes and challenges of pregnancy.

The goal of Baby Yourself is to have healthy mothers and babies at delivery. If you are pregnant, you can enroll in Baby Yourself by calling 800.222.4379 or registering online at www.behealthy.com. ■



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